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7 NIALL LEDWIDGE, et al.,
8 Plaintiffs,
9 v.
10 FEDERAL DEPOSIT INSURANCE
11 CORPORATION, et al.,
12 Defendants.

Case No. 5:24-cv-08352-BLF

**ORDER GRANTING DEFENDANT'S
MOTION TO DISMISS FIRST
AMENDED COMPLAINT**

[Re: ECF No. 51]

13 Before the Court is Defendants Federal Deposit Insurance Corporation ("FDIC")¹ and
14 former FDIC Chairman Martin J. Gruenberg's motion to dismiss Plaintiffs' First Amended
15 Complaint ("FAC") for lack of subject matter jurisdiction under Federal Rule of Civil
16 Procedure 12(b)(1) and failure to state a claim under Federal Rule of Civil Procedure 12(b)(6).
17 ECF No. 51 ("Mot."); *see also* ECF No. 65 ("Reply"). Plaintiffs oppose the motion. *See* ECF
18 No. 64 ("Opp."). The Court heard oral argument on the motion on October 16, 2025. ECF
19 No. 67.

20 After oral argument, the Court set a supplemental briefing schedule addressed to the issue
21 whether Plaintiffs' agency standing theory is collaterally estopped by the recent decision of United
22 States Bankruptcy Court of the Southern District of New York in *Joint Official Liquidators of*
23 *Silicon Valley Bank (in Official Cayman Islands Liquidation) v. SVB Financial Group*, No. 24-
24 AP-04014-MG (Bankr. S.D.N.Y. Sept. 29, 2025) ("Bankr. Order"). Defendants filed supporting
25 briefs, and Plaintiffs filed an opposing brief. *See* ECF No. 71 ("Estoppel Br."); ECF No. 72
26 ("Estoppel Opp."); ECF No. 74 ("Estoppel Reply").

27
28 ¹ Plaintiffs bring this action against the FDIC in its corporate capacity ("FDIC-C").

1 For the reasons described below, the Court GRANTS the motion.

2 **I. BACKGROUND**

3 The collapse of Silicon Valley Bank (“SVB”) was one of the largest bank failures in U.S.
4 history. SVB was an FDIC-insured, state-chartered bank headquartered in Santa Clara, California.
5 See Amended Complaint (“AC”) ¶ 28, ECF No. 39. This case involves SVB’s foreign branch in
6 the Cayman Islands (“SVB Cayman”). *Id.* ¶ 29. SVB Cayman offered its clients three types of
7 accounts: Eurodollar Money Market Accounts, Eurodollar Operating Accounts, and Eurodollar
8 Sweep Accounts. *Id.* ¶ 33. Plaintiffs assert claims only on behalf of former SVB Cayman clients
9 with Eurodollar Money Market Accounts and Eurodollar Operating Accounts (the “SVB Cayman
10 Accountholders”). *Id.* ¶ 86. The SVB Cayman Accountholders were able to take advantage of the
11 Cayman Islands’ favorable tax policies, but the SVB Cayman account agreements expressly stated
12 that the accounts were not deposits as defined by the FDIC. *Id.* ¶ 39 (“SVB Eurodollar Money
13 Market Account deposits are . . . NOT domestic deposits, are NOT insured by the FDIC and are
14 NOT guaranteed in any way by the United States government or any government agency
15 thereof.”); *see also id.* ¶ 42 (Eurodollar Operating Accounts).

16 SVB collapsed on March 10, 2023. *Id.* ¶ 28. Two days later, on March 12, 2023, Treasury
17 Secretary Janet Y. Yellen, Federal Reserve Board Chair Jerome H. Powell, and Defendant FDIC
18 Chairman Martin J. Gruenberg issued a joint press release (the “Joint Press Release”) in which
19 they announced that all SVB assets and liabilities would be transferred to FDIC-Receiver (“FDIC-
20 R”). *Id.* ¶ 71. The Joint Press Release further announced that the FDIC would be invoking the
21 system risk exception (“SRE”), which allows depositors at FDIC-insured depository institutions to
22 recover the full value of their deposits above the usual \$250,000 cap on deposit insurance and
23 relieves the FDIC of its obligation to adhere to the least cost resolution requirement mandated by
24 the Federal Deposit Insurance Act (“FDI Act”). *Id.* ¶¶ 71–72; *see also* 12 U.S.C. § 1823(c)(4).
25 On March 13, 2023, the FDIC issued a press release announcing that the FDIC would be
26 transferring “all deposits—both insured and uninsured—and substantially all assets of” SVB to the
27 newly chartered Silicon Valley Bridge Bank, N.A. (“SVB Bridge”). AC ¶ 76. On March 27,
28 2023, SVB was closed and placed into receivership and all deposits, virtually all assets, and

1 certain liabilities of SVB Bridge were transferred to First-Citizens Bank & Trust Company (“First
2 Citizens”). *Id.* ¶¶ 82–84.

3 On March 31, 2023, FDIC-R sent notices to the SVB Cayman Accountholders stating that
4 the balances held by customers in accounts originating at SVB Cayman were not deposits within
5 the meaning of the FDI Act and that the SVB Cayman Accountholders were accordingly general
6 unsecured creditors, notifying them of their ability to file claims with FDIC-R by the July 10,
7 2023, claims bar date. *Id.* ¶¶ 86–87. SVB Cayman clients holding Eurodollar Sweep Accounts
8 did not receive the notices, and their accounts were granted “insured deposit” status and full
9 protection by the SRE. *Id.* ¶ 88. The FDIC’s stated justification for this decision was that a
10 certain amount of funds associated with the Eurodollar Sweep Accounts had “swept back” into an
11 FDIC-insured deposit account located in the United States prior to the commencement of the SVB
12 receiverships. *Id.* ¶ 91.

13 Many of the SVB Cayman Accountholders—all but 11 of the 615 depositors with
14 Eurodollar Money Market Accounts and Eurodollar Operating Accounts—filed claims with
15 FDIC-R. FDIC-R issued determinations on each claim brought by the SVB Cayman
16 Accountholders. *Id.*, Ex. 27 at 4. On June 13, 2023, several individuals purporting to represent
17 certain SVB Cayman Accountholders petitioned a court in the Cayman Islands to “wind up” SVB
18 Cayman and to appoint joint official liquidators (“JOLs”) under Cayman Islands law. *Id.* ¶ 85 &
19 Ex. 22. Because SVB Cayman was not a separate legal entity from SVB, the court ordered the
20 winding up of SVB and appointed Plaintiffs as the JOLs of SVB itself with respect to Cayman
21 Islands-based assets and affairs on June 30, 2023. *See id.*, Ex. 4 at 1–2.

22 On April 17, 2024, Plaintiffs sent a letter to the FDIC pursuant to 12 U.S.C. § 1821(f)
23 demanding that the FDIC classify their accounts as insured deposits and fully insure those
24 accounts. *Id.*, Ex. 27. On September 25, 2025, the FDIC sent Plaintiffs a letter denying their
25 claim for deposit insurance on the grounds that Plaintiffs lacked standing to represent the interest
26 of the SVB Cayman Accountholders and that FDIC was prohibited from paying insurance claims
27 for foreign-payable accounts. *Id.*, Ex. 28. Plaintiffs initiated this action on November 22, 2024,
28 *see* ECF No. 1, and filed the Amended Complaint on April 3, 2025, *see* ECF No. 39.

II. LEGAL STANDARD

A party may challenge the Court's subject matter jurisdiction by bringing a motion to dismiss under Federal Rule of Civil Procedure 12(b)(1). "A Rule 12(b)(1) jurisdictional attack may be facial or factual." *Safe Air for Everyone v. Meyer*, 373 F.3d 1035, 1039 (9th Cir. 2004). In a facial attack, the movant asserts that the lack of subject matter jurisdiction is apparent from the face of the complaint. *Id.* In a factual attack, the movant disputes the truth of allegations that otherwise would give rise to federal jurisdiction. *Id.* "In resolving a factual attack on jurisdiction, the district court may review evidence beyond the complaint without converting the motion to dismiss into a motion for summary judgment." *Id.* "The court need not presume the truthfulness of the plaintiff's allegations." *Id.* If the moving party presents evidence demonstrating the lack of subject matter jurisdiction, the party opposing the motion must present affidavits or other evidence sufficient to establish subject matter jurisdiction. *Id.*

Upon granting a motion to dismiss, a court has discretion to allow leave to amend the complaint pursuant to Rule 15(a). "Dismissal with prejudice and without leave to amend is not appropriate unless it is clear . . . that the complaint could not be saved by amendment." *Eminence Capital, L.L.C. v. Aspeon, Inc.*, 316 F.3d 1048, 1052 (9th Cir. 2003). In deciding whether to grant leave to amend, the Court considers the factors set forth by the Supreme Court in *Foman v. Davis*, 371 U.S. 178 (1962), and discussed at length by the Ninth Circuit in *Eminence Capital*. The Ninth Circuit in *Eminence Capital* identified several factors to consider, including (1) undue delay, (2) bad faith or dilatory motive, (3) repeated failure to cure deficiencies by amendment, (4) undue prejudice to the opposing party, and (5) futility of amendment. *See* 316 F.3d at 1052.

III. DISCUSSION

Defendants move to dismiss the Amended Complaint on two grounds. First, Defendants seek dismissal under Rule 12(b)(1) for lack of subject matter jurisdiction because Plaintiffs do not have standing. Second, Defendants seek dismissal under Rule 12(b)(6) for failure to state a claim. "[J]urisdiction generally must precede merits in dispositional order." *Ruhrgas AG v. Marathon Oil Co.*, 526 U.S. 574, 577 (1999). Only if the Court is satisfied that it has subject matter jurisdiction may it proceed to address Defendants' merits arguments under Rule 12(b)(6). *See id.*

1 (“Jurisdiction to resolve cases on the merits requires both authority over the category of claim in
2 suit (subject-matter jurisdiction) and authority over the parties (personal jurisdiction), so that the
3 court's decision will bind them.”). The Court need not address Defendants' Rule 12(b)(6) motion
4 because it grants Defendants' Rule 12(b)(1) motion.

5 **A. Standing to Sue on Behalf of SVB**

6 As a threshold matter, the Court agrees with Defendants that, to the extent Plaintiffs
7 purport to act for SVB by virtue of their appointment as JOLs of SVB Cayman, *see, e.g.*, AC
8 ¶¶ 115–32, 138, 146, 155, they cannot do so. *See Mot.* at 8–9. When the FDIC was appointed as
9 SVB's receiver, it “succeed[ed] to . . . all rights, titles, powers, and privileges of” SVB. 12 U.S.C.
10 § 1821(d)(2)(A)(i) (emphasis added). “[N]o court may take any action, except at the request of the
11 [FDIC] Board of Directors by regulation or order, to restrain or affect the exercise of powers or
12 functions of the [FDIC] as a conservator or a receiver.” *Id.* § 1821(j); *see also Sahni v. Am.*
13 *Diversified Partners*, 83 F.3d 1054, 1058 (9th Cir. 1996). Accordingly, Plaintiffs lack standing to
14 assert any claims on behalf of SVB.

15 **B. Standing to Sue on Behalf of the SVB Cayman Accountholders**

16 Defendants also assert that Plaintiffs lack standing to sue on behalf of the SVB Cayman
17 Accountholders. *Mot.* at 9–10. Plaintiffs respond with two theories: (1) they possess associational
18 standing to pursue claims on behalf of the foreign bankruptcy estate, and (2) they possess agency
19 standing as the duly appointed agents of the SVB Cayman Accountholders as a matter of Cayman
20 Islands law. *Opp.* at 22–25. Plaintiffs' associational standing theory fails as a matter of law, and
21 Plaintiffs' agency standing theory is collaterally estopped.

22 **1. Associational Standing**

23 “The doctrine of associational standing permits an organization to ‘sue to redress its
24 members' injuries, even without a showing of injury to the association itself.’” *Or. Advoc. Ctr.*
25 *v. Mink*, 322 F.3d 1101, 1109 (9th Cir. 2003) (quoting *United Food & Com. Workers Union*
26 *Local 751 v. Brown Grp., Inc.*, 517 U.S. 544, 552 (1996)). An association has standing to sue on
27 behalf of its members when “(a) its members would otherwise have standing to sue in their own
28 right; (b) the interests it seeks to protect are germane to the organization's purpose; and (c) neither

1 the claim asserted nor the relief requested requires the participation of individual members in the
2 lawsuit.” *Hunt v. Wash. State Apple Adver. Comm’n*, 432 U.S. 333, 343 (1977); *see also Fleck &*

3 Assocs., Inc. v. Phoenix, City of, an Arizona Mun. Corp., 471 F.3d 1100, 1106 (9th Cir. 2006).
4 “Associational standing is a narrow and limited exception to the general rule that litigants must
5 assert their own rights.” *United Safeguard Distrib. Ass’n v. Safeguard Bus. Sys., Inc.*, No. 15-cv-
6 03998-RSWL-AJW, 2016 WL 2885848, at *5 (C.D. Cal. May 17, 2016).

7 Plaintiffs’ associational standing theory fails the first prong of the *Hunt* standard because a
8 foreign bankruptcy estate is not an association. Anticipating Defendants’ argument on this point,
9 Plaintiffs emphasize that “[i]n the Ninth Circuit, courts have held that informal organizations
10 representing the interests of a uniquely vulnerable group, such as the homeless and the disabled,
11 can be associations in this context if the organization’s activities inure specifically to the
12 constituents’ benefit.” Opp. at 24. While that may be the case, where a purported association
13 lacks a “traditional membership structure,” courts still require “indicia of membership,” i.e., that
14 there are members or constituents that (1) elect leadership of the organization, (2) serve as part of
15 that leadership, and (3) finance the organization’s activities. *Hunt*, 432 U.S. at 344–45.

16 Plaintiffs provide no authority for their novel legal argument that a bankruptcy estate,
17 which lacks any informal or formal membership structure or discernible membership, constitutes
18 an association for the purpose of standing. Nor do Plaintiffs provide any of the required “indicia
19 of membership” that could overcome their purported association’s lack of a traditional
20 membership structure. *Hunt*, 432 U.S. at 344–45. Here, Plaintiffs were not elected by the SVB
21 Cayman Accountholders they purport to represent, are not themselves SVB Cayman
22 Accountholders, and are not financed by SVB Cayman Accountholders. Because Plaintiffs fail to
23 articulate a theory where “the association is sufficiently identified with and subject to the influence
24 of those it seeks to represent as to have a personal stake in the outcome of the controversy,” their
25 theory of associational standing necessarily fails. *Am. Unites for Kids v. Rousseau*, 985 F.3d
26 1075, 1096 (9th Cir. 2021) (quoting *Mink*, 322 F.3d at 1111).

27 Plaintiffs’ associational standing arguments fails for the independent reason that they also
28 fail to allege that they have themselves suffered a cognizable injury in fact for Article III purposes.

1 While Plaintiffs purport to act as representatives of the SVB Cayman Accountholders, “in order to
2 claim the interests of others, the litigants themselves still must have suffered an injury in fact.”
3 *Thole v. U.S. Bank N.A.*, 590 U.S. 538, 543 (2020); *see also Hollingsworth v. Perry*, 570 U.S. 693,
4 708 (2013); *Powers v. Ohio*, 499 U.S. 400, 410 (1991). Indeed, the Supreme Court recently
5 reiterated the brightline requirement that plaintiffs who file suits in a representative capacity must
6 still allege an injury to themselves. *Food & Drug Admin. v. All. for Hippocratic Med.*, 602 U.S.
7 367, 393 (2024) (“The third-party standing doctrine does not allow doctors to shoehorn
8 themselves into Article III standing simply by showing that their patients have suffered injuries or
9 may suffer future injuries.”).

10 **2. Agency Standing**

11 “The doctrine of collateral estoppel bars the relitigation of issues that were resolved in a
12 prior proceeding, even if the later suit involves a different cause of action.” *Fund for Animals,*
13 *Inc. v. Lujan*, 962 F.2d 1391, 1399 (9th Cir. 1992). To foreclose relitigation of an issue under
14 collateral estoppel, the following four conditions must be met: “(1) the issue at stake was identical
15 in both proceedings; (2) the issue was actually litigated and decided in the prior proceedings;
16 (3) there was a full and fair opportunity to litigate the issue; and (4) the issue was necessary to
17 decide the merits.” *Howard v. City of Coos Bay*, 871 F.3d 1032, 1041 (9th Cir. 2017). The party
18 asserting preclusion has the burden of showing with clarity and certainty what was determined by
19 the prior judgment. *Clark v. Bear Stearns & Co. Inc.*, 966 F.2d 1318, 1321 (9th Cir. 1992).

20 Plaintiffs do not meaningfully dispute that the issue at stake before the Bankruptcy Court
21 was identical, that the issue was actually litigated, and that the issue was necessary to decide the
22 merits. Before the Bankruptcy Court, Plaintiffs asserted standing based on their “contractual
23 designation by [the Cayman accountholders] as their agent—pursuant to the ordinary tenets of
24 agency law in the Cayman Islands,” Bankr. Order at 38 n.11, 46, which is the same argument they
25 make here. *See Opp.* at 21–22. The Bankruptcy Court heard from both Parties’ experts in
26 Cayman Island law, who *agreed* that the orders of the Cayman court could not create an agency
27 relationship between the JOLs and SVB Cayman Accountholders. Bankr. Order at 72–73. After
28 holding that Plaintiffs failed to establish either an ex ante or ex post agency relationship, *see id.*

1 at 74–75, the Bankruptcy Court dismissed Plaintiffs’ claims because they failed to “establish[] that
2 they have standing under Cayman law to bring claims on behalf of the Cayman creditors.” *Id.*
3 at 3, 76. A decision on standing was necessary to the merits of the Bankruptcy Order, since it is a
4 jurisdictional issue that is a prerequisite to bringing any of the claims asserted in those
5 proceedings. *See id.* at 60 (“Standing is a jurisdictional requirement that must be met in order to
6 have claims litigated in federal court.” (citation omitted)).

7 Plaintiffs nonetheless argue that they did not have a fair and full opportunity to argue the
8 merits of their standing argument because the Bankruptcy Court “did not allow for introduction of
9 facts other than Cayman law expert testimony, while the Bankruptcy Court Decision also faulted
10 Plaintiffs for not providing (factual) evidence supporting the agency formation.” Estoppel Opp.
11 at 2. Plaintiffs do not (and cannot) deny that, following extensive briefing, the Bankruptcy Court
12 held a two-day evidentiary hearing on standing during which they presented evidence from the
13 same expert whose declaration they submitted in this case and relied upon the same evidence they
14 rely on here (e.g., Cayman court orders and the opt-out notice to SVB Cayman Accountholders).
15 *See* Bankr. Order at 2–3, 53–57. Tellingly, Plaintiffs fail to identify even a single piece of
16 evidence that they were purportedly barred from presenting to the Bankruptcy Court, and it is not
17 incumbent on this Court to sift through the voluminous filings in those proceedings in search of
18 evidence that may have changed the outcome of the Bankruptcy Order.

19 As a last-ditch effort, Plaintiffs quibble that the Court should decline to apply the doctrine
20 of collateral estoppel because Defendants “did not provide any of the Bankruptcy Court record,
21 submissions or transcripts that bear on the collateral estoppel factors,” Estoppel Opp. at 1, and
22 urging that this case “implicates serious matters of public policy, including the power of the FDIC
23 to selectively apply SRE coverage,” *id.* at 2. The Court is not aware of any requirement that
24 parties seeking to invoke collateral estoppel must provide the full record of the prior proceeding.
25 The case cited by Plaintiffs certainly does not establish any such requirement, explaining only that
26 the party invoking collateral estoppel “must introduce a sufficient record of the prior proceedings
27 to pinpoint the exact issues previously litigated.” *Clark v. Bear Stearns & Co.*, 966 F.2d 1318,
28 1321 (9th Cir. 1992). Submitting the Bankruptcy Order’s voluminous order on the precise issue is

1 sufficient here. The Court also finds that issues of public policy are not sufficiently grave so as to
2 counsel against application of the collateral estoppel doctrine. *Cf. Collins v. D.R. Horton, Inc.*,
3 505 F.3d 874, 882 (9th Cir. 2007). The Court accordingly finds that, all four prongs having been
4 met, the Bankruptcy Order precludes re-litigation of Plaintiff's agency standing theory.

5 In any case, even if the Bankruptcy Order did not have preclusive effect, the Court agrees
6 with Defendants that Plaintiffs fail to allege that they possess either Article III or prudential
7 standing. *See* Mot. at 9–11. As explained *supra*, quite apart from associational or agency
8 standing, Plaintiffs have made no showing that they themselves suffered a concrete or
9 particularized injury that is attributable to Defendants. *See, e.g., Pioneers Mem'l Healthcare Dist.*
10 *v. Imperial Valley Healthcare Dist.*, 745 F. Supp. 3d 1088, 1102–04 (S.D. Cal. 2024) (explaining
11 that third-party standing is premised on plaintiff having suffered a cognizable injury). Nor have
12 they made the requisite showing of prudential standing that they had a close relation to the SVB
13 Cayman Accountholders or that there is “some hindrance to the [SVB Cayman Accountholder’s]
14 ability to protect [their] own interests.” *Powers*, 499 U.S. at 411. Indeed, it is undisputed that
15 many of the SVB Cayman Accountholders have already protected their own interests by initiating
16 their own administrative claims with the FDIC. *See SurvJustice Inc. v. DeVos*, No. 18-cv-00535-
17 JSC, 2019 WL 1434141, at *8 (N.D. Cal. Mar. 29, 2019) (explaining that prudential standing
18 requirements are not met when there is evidence that the third party have brought their own
19 claims).

20 Plaintiffs argue that the Court should allow amendment so that they may “furnish[] a set of
21 written and executed agency agreements containing an assignment of the right to bring this
22 litigation.” Estoppel Opp. at 3. As a threshold matter, whether a plaintiff has standing to sue as an
23 assignee “is determined as of the date of filing the complaint.” *In re Ditropan XI Antitrust Litig.*,
24 No. 06-cv-01761-JSW, 2007 WL 2978329, at *2 (N.D. Cal. Oct. 11, 2007); *see also Wilbur*
25 *v. Locke*, 423 F.3d 1101, 1107 (9th Cir. 2005), *abrogated on other grounds*, *Levin v. Com. Energy,*
26 *Inc.*, 560 U.S. 413 (2010) (“[S]tanding is determined as of the date of the filing of the
27 complaint The party invoking the jurisdiction of the court cannot rely on events that
28 unfolded after the filing of the complaint to establish its standing.” (second alteration in original))

1 (quoting *Kitty Hawk Aircargo, Inc. v. Chao*, 418 F.3d 453, 460 (5th Cir. 2005)).

2 In any event, the case upon which Plaintiffs rely stands only for the proposition that an
3 assignee has standing when the assignment agreement grants her “a security interest in the very
4 claims being pursued.” *Bank of Am., N.A. v. F.D.I.C.*, 908 F. Supp. 2d 60, 85–86 (D.D.C. 2012).
5 Plaintiffs do not suggest that the agency agreements they intend to introduce gave them any
6 ownership interests in the funds in the Cayman accounts at issue in this case. Plaintiffs’ agency
7 theory of standing is estopped, and amendment would be futile.

8 **IV. ORDER**

9 For the foregoing reasons, IT IS HEREBY ORDERED that the motion is granted and the
10 FAC is DISMISSED WITH PREJUDICE.

12 Dated: December 1, 2025

13 
14 BETH LABSON FREEMAN

United States District Judge